United Nations E/2004/SR.28

Economic and Social Council

Provisional

27 August 2004

Original: English

Substantive session of 2004
Operational activities segment

Provisional summary record of the 28th meeting
Held at Headquarters, New York, on Wednesday, 7 July 2004, at 3 p.m.

President: Mr. Neil (Vice-President) ..... (Jamaica)

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In the absence of the President, Mr. Neil (Jamaica), Vice-President, took the Chair.

The meeting was called to order at 3.15 p.m.

Operational activities of the United Nations for international development cooperation (A/59/85-E/2004/68)

High-level panel discussion on the international development agenda and the improvements of the operational activities of the United Nations system at the country level: effectiveness and challenges

1. **The President** declared open the operational activities segment. After welcoming the Under-Secretary-General for Economic and Social Affairs, who would moderate the discussion, and members of the panel, he highlighted the importance of the Council's role in the triennial comprehensive policy review (TCPR). The review offered Member States and United Nations agencies an excellent opportunity to discuss issues related to the quality and relevance of development assistance. The system-wide nature of the debate in the Council and the General Assembly allowed for reflection upon the direction and value of United Nations development cooperation. The Council was also the venue to debate the real challenges faced by the United Nations and the ability of the Organization to respond to new demands and changing circumstances.

2. In the current international environment, when the value of multilateralism was being widely debated, it was important not to lose sight of the essential purpose of United Nations development activities, which was to provide technical assistance, policy advice and coordinated support for national development objectives within the framework of the Millennium Development Goals. The principal objectives of the TCPR should be to assess whether and to what extent the United Nations system was delivering such assistance, while considering the processes of coordination and the instruments involved. The current TCPR debate would also chart the way ahead.

3. **Mr. Ocampo** (Under-Secretary-General for Economic and Social Affairs) noted that the timing of the current TCPR was particularly significant, coming four years after the adoption, and one year before the review of the implementation, of the United Nations Millennium Declaration. The analysis contained in the report of the Secretary-General (E/2004/68) focused on the capacity of the United Nations system to assist recipient countries in supporting their development efforts in ways that were relevant at the country level. The current meeting was an occasion to pull together various strands of the current debate — on multilateralism, on relationships between peace and development cooperation in United Nations activities at the country level, and on redefinition of the contents, mechanisms and resources needed to support such cooperation.

4. The last TCPR had recognized economic, social and environmental interdependence among nations as the central challenge to United Nations development cooperation activities. Social disparities, economic volatility and environmental stress were among the factors identified as major concerns and priorities. The task of the current TCPR was to consider those priorities, which had grown more urgent in the light of increased security concerns and the demands posed by globalization. Delegations should reflect in realistic terms upon the course the United Nations should follow, with a view to reaching positive, forward-looking conclusions.

5. Some shifts within the global environment could not be ignored. Firstly, given the deterioration in international security, the need to use development as a source of stability had become more manifest. Boundaries between humanitarian activities, peace and development had become more blurred, and development was increasingly viewed as something to be addressed comprehensively. Secondly, the uneven and unsatisfactory progress in the implementation of the Millennium Development Goals was extremely serious. Thanks to its neutral comprehensive and universal approach, the United Nations was uniquely positioned to lead development efforts required to meet those goals. Its ability to make technical resources available at the country and regional levels was critical. For that potential to be fully exploited, the sharing of knowledge within the system must be enhanced. The question was how to mobilize resources more efficiently and inject greater flexibility into the system so as to be more responsive to national priorities and requirements.

6. To that end, the functioning and reinforcement of the resident coordinator system and greater delegation

of authority in the field were essential. Moreover, funding remained inadequate, and new approaches must therefore be actively pursued. Although a new set of assessment and planning tools such as the common country assessment (CCA) and the United Nations Development Assistance Framework (UNDAF) had had a positive impact, their value varied from agency to agency. Concerns had been expressed about the additional burden they imposed at all levels and the challenge of integrating them at the country level. On the whole, though, interaction of those tools and mechanisms with other national development strategies was believed to be feasible, and United Nations agencies were increasingly aware of the need to build linkages between national processes and the Organization's key coordination mechanisms, so as to ensure that policies and operations complemented national strategic frameworks. Harmonization with national poverty reduction strategies had been found to be the only way to ensure some degree of coherence at the national level of development assistance.

7. **Mr. Musumba** (Minister of State for Finance, Planning and Economic Development of Uganda) said that the theme "How can the United Nations work better for the least developed countries (LDCs)" begged the question of what LDCs required from their relationship with the United Nations. The LDCs, with input from the United Nations, must therefore carefully reflect on their goals and the time frame in which to achieve them, in the context of resources and restrictions.

8. On the advice of the Bretton Woods institutions, development had been reduced to poverty reduction strategy papers (PRSPs) dictated by medium-term expenditure frameworks that did not provide sufficient investment in wealth creation. Yet poverty could not be eradicated without wealth creation. The Ugandan poverty eradication action plan that was the basis of its PRSP was vague and lacked the necessary thorough and meticulous detail. The United Nations could have proved most useful at the planning stage, providing the requisite technical support and then following up with monitoring of the implementation and analysis of the impact. He disagreed with the assessment of the Bretton Woods institutions that planning of that kind should be discouraged on the grounds that it was reminiscent of communist/socialist central planning. The United Nations Development Programme (UNDP) had in the past assisted in the drawing up of long-term plans, but now shied away in favour of PRSPs, a policy that should surely be reviewed.

9. It was now agreed that LDCs benefited in a more sustainable manner from trade as opposed to aid. Aid should be used to enable LDCs to build capacity for trade, and the United Nations should play a more aggressive role in advocating for market access, value addition and promotion of investment programmes for the creation of wealth. It should devote at least the same energy to such advocacy as to the promotion of the Millennium Development Goals. By spreading its resources too thinly the United Nations reduced the impact of its programmes. Accordingly, the greater part of its activities should go towards value addition and wealth creation.

10. The United Nations had been very successful in profiling the Millennium Development Goals but needed to push the agenda of the Goals forward by persuading LDCs to enact appropriate legislation. In that context, a community mobilization act had been passed in Uganda. Its provisions dealt with health and education issues at the grass-roots level, regulating, inter alia, clearance of household rubbish, planting of trees, compulsory immunization and the obligation to take children to school. It also established teams to sensitize people or to impose sanctions for non-compliance.

11. In conclusion, he commended the United Nations, for its role in conflict resolution internationally and its assistance to Uganda, in particular, in the conflict area in the northern part of the country.

12. **Mr. Hofer** (Head of the United Nations and Bretton Woods Institutions Section, Ministry of Foreign Affairs of Switzerland) said that the concept of effectiveness was both concrete and elusive. Insights had been gained, but an element of judgement entered into any discussion of effectiveness, which was understood in different ways by different institutions. There was general agreement, however, that effectiveness required: poverty reduction analysis; strong and capable institutions; good governance and institutions responsive to the needs of people; an enabling environment for growth and private-sector investment; coordination and harmonization tools; and systems to manage and measure results. Those elements did not necessarily guarantee development, but little could happen in their absence. The series of international conferences touching on development

questions over the past decade had laid the groundwork and provided a good basis on which to continue working towards the Millennium Development Goals.

13. Formidable challenges lay ahead at the systemic level. It would be necessary to continue to interpret the implications of the international conferences, for example the Monterrey Conference on Financing for Development. As part of the Marrakesh Process, a meeting on the international development architecture had determined that its problems were systemic: it lacked global governance, there was no coherence or delineation of mandates and roles, and financing was unpredictable. A careful analysis of the entire multilateral development architecture was urgently needed, which would include an analysis of the role of United Nations operational activities and their financing. The Council could play a major part by regularly examining major trends and perspectives of international development as a whole.

14. In order to increase the contribution of the United Nations system to country-owned development strategies for the achievement of the Millennium Development Goals, the Organization's analytical capacity and strength should be put to use. Its country presence should include efforts to make available the full range of knowledge and expertise available, which would also serve to strengthen the image of the United Nations development system as characterized by coherence rather than competition. The same notion would apply in the transition from relief to development, where the United Nations played a pivotal role. Strengthening of evaluation and results orientation across the entire system would shift the emphasis from reports to results. The United Nations must link up with international efforts to assess outcomes at the country level and should accept that there was no single model for poverty reduction.

15. **Mr. Jalloh** (International expert on political economy and governance, Sierra Leone) said that the task before the Council was to prepare for the upcoming TCPR and the review of progress towards the implementation of the Millennium Development Goals in 2005. Three questions should therefore be the focus of the discussion: the capacity of the United Nations development system to help developing countries to achieve their national priorities in poverty eradication, economic growth and sustainable development; analysis of the achievements, results and impact of the United Nations on developing country goals and objectives; and an evaluation of whether the multilateral system as a whole was making a difference. According to the report of the Secretary-General on the triennial comprehensive policy review (A/59/85-E/2004/68), the United Nations was making a positive contribution to developing countries, was fully engaged in translating the Millennium Development Goals into national realities and was assisting developing countries in meeting their challenges.

16. Even if all those conclusions were to be accepted, two questions remained: how to sustain and build on past successes, and how to meet the new complexities and demands of the international system related to the deterioration in the international security environment and the urgency generated by the need to achieve the Millennium Development Goals in an environment where progress in development was uneven.

17. The findings of the highly respected World Economic Forum and the World Bank, however, were that the international community was making only limited progress towards achieving the eight Millennium Development Goals. The World Economic Forum, in its 2004 annual report, stated that efforts in 2003 were less than half what was needed. Similarly, the World Bank had concluded that while the world as a whole was making good progress towards reducing the proportion of people worldwide living on less than a dollar a day, that was due mainly to economic growth rates in India and China. The world was not on track to achieve the Goals in poverty reduction, primary education and child mortality, and the African region lagged far behind all others. Growth rates in that region had been remarkably low; only five countries had reached the growth rates necessary to achieve the Goals and five others had experienced negative growth rates. The World Bank projected that per capita gross domestic product in Africa would grow by only 1.2 per cent by 2015.

18. While the United Nations system was making headway in capacity building, coordination within the system and with the Bretton Woods institutions, and better matching resources with objectives, that headway had not translated into progress towards achieving the Millennium Development Goals. He had several suggestions as to how to address the problem. First, it must be kept in mind that the current global consensus on development objectives and strategies was very recent and remained fragile. In order to consolidate that consensus, it was essential to foster a

sense of national ownership of the Goals by building coalitions of those who stood to gain from their implementation. The United Nations should make greater use of its legitimacy and role as a catalyst. The best way to maintain the consensus, of course, would be to achieve the Goals.

19. Second, in his view, the congratulations offered in the report of the Secretary-General on translating the Goals into national priorities and policies were only partly deserved. Consultations with national stakeholders were held on an ad hoc basis, and there was a need for genuine and comprehensive consultations on the country level. That task was political as well as organizational and technical, and the capacity of civil society in that area must be strengthened. Third, acknowledgement of the relationship between peace and development was an important step forward. Conflict did not develop overnight, and thus efforts to address it should also be long-term. Ideally, the link between peace and development should be made long before conflict started. An effective early warning system must be developed, which might require a departure from economic orthodoxy by taking the focus off the "bottom line" and accepting short-term economic tradeoffs in the face of larger concerns.

20. Fourth, the report highlighted progress in cooperation between the United Nations and the Bretton Woods institutions, but it was also important to acknowledge that, though the latter were major players, they were not the sole actors in the development field. For example, the Islamic Development Bank, with 54 member countries, provided $2 billion a year in assistance. It and similar institutions must be brought into the cooperation framework. Some cooperation existed between such institutions and the United Nations and Bretton Woods system, but it was mainly at the project level, not at the level of policy and strategy. That situation should be corrected to ensure that multilateralism was truly global.

21. **Ms. Van der Henden** (Observer for the Netherlands), speaking on behalf of the European Union, said that much progress had been made since the Secretary-General's reform had begun in 1997. The CCA and the UNDAF were better aligned with the national development strategy, in particular the PRSP. At the country level, however, the United Nations system had not yet developed a coherent team, and mandates overlapped in many cases. The European Union was concerned at the variable pace of implementation of the reform process and the varying degrees of commitment by the specialized agencies. Without a full commitment to adhere to the UNDAF results matrix, meaningful progress at the country level would be difficult. The European Union welcomed the report prepared by the executive heads of the funds and programmes and concurred with the view that further action was needed to make the United Nations more effective and efficient at the field level.

22. Further steps essential to the reform process included greater alignment of such instruments as CCAs and UNDAFs to national development strategies and plans, evolution of the UNDAF and its results matrix into a common programming instrument and an essential accountability framework to monitor progress at the country level towards achievement of the Goals. Where the results matrix identified shared results and programmes, it was time to get serious about joint programming, including joint funding.

23. With regard to the harmonization and simplification process, while progress had been made since the last triennial policy review, the process was currently limited to the four members of the United Nations Development Group. The effectiveness of the system as a whole could be enhanced if all partners would adhere to the simplification and harmonization agenda, which would in turn enhance effectiveness at the country level. That agenda must be driven by senior management through a more strategic, coordinated, integrated and comprehensive approach. Furthermore, cost efficiency at the field level could be improved by the introduction of shared support services. The process should also include other multilateral agencies and bilateral donors. The Rome Declaration on Harmonization outlined an ambitious agenda to reduce transaction costs, increase country ownership and government leadership and to build national capacity.

24. **Mr. Ocampo** (Under-Secretary-General for Economic and Social Affairs), answering a question from the President, said that the main United Nations policy document was the UNDAF, and the challenge lay in coordinating it with the country PRSP where one existed. In the past, supply rather than demand had determined the services offered.

25. **Mr. Francis** (Jamaica) said that care must be taken to ensure that capacity building at the national

level was sustainable. He was concerned that, in the focus on coordination and coherence, not much had been said about implementation and delivery of assistance and how resources were being spent. Field-level capacity varied from country to country, and he would like to know what steps were being taken to address that situation.

26. **Mr. Rojas** (Chile) said that he would like to hear more about the contribution of the United Nations system to policy development in middle-income countries. Taking into account the comments of the European Union, and associating himself with the President's remarks, he expressed the view that the Council was in a position to meet the challenges it faced.

27. **Mr. Essel** (Ghana) said he wished that he was equally confident about the implementation of the Millennium Development Goals. He saw broad agreement on the Goals, but not on strategies for achieving them, and wondered if it would be necessary for countries to draft another Millennium Development Goals strategy paper to accompany the PRSP.

28. **Mr. Balarezo** (Observer for Peru) said that the lack of a single institutional culture led to organizational difficulties, and he emphasized that the national programme should be given priority over all others. He found it interesting that the portfolios of development and finance in Uganda came together in one ministry, and he would like to hear more about the practical implications of that combination.

29. **Mr. Abdalla** (Qatar) said that he agreed with the first panellist (Mr. Musumba) that trade should be the primary engine of growth in developing countries, and that those countries needed to obtain the foreign currency necessary to invest in appropriate infrastructure to promote competitive exports.

30. The Bretton Woods institutions, despite forming part of the United Nations system, were not formally integrated into the resident coordinator system, which meant that there was a lack of coherence in respect of the PRSPs, CCAs and UNDAFs. In addition, historically, United Nations operational activities at the country level had focused only on the work carried out by multilateral agencies with country-level offices and, while that work had been commendable, it did not fully address the multifaceted issue of development as reflected in the outcomes of the major United Nations conferences and summits. The original objective of the TCPR, which had been to harmonize the roles of the various agencies working at the country level, must now be adjusted to reflect current thinking. Serious consideration must be given to whether, several years after their establishment, the mechanisms used to carry out those activities at the national and international levels were still able to respond to the realities and challenges facing them.

31. As the reform of the Organization's operational activities had been continuous, the agencies involved were in a constant state of flux and were facing difficulties relating to the availability and predictability of resources. The donor community must reaffirm its political will to increase funding on an unconditional basis.

32. **Mr. Ocampo** (Under-Secretary-General for Economic and Social Affairs) pointed out that four distinct groups of agencies were involved in development activities: the core members of the United Nations Development Group, the autonomous agencies, the Bretton Woods institutions and the United Nations departments and offices without country-level representation. Over the past few years, coordination between the relevant actors had improved, but greater streamlining at the national level was now required. A transition must be made from supply- to country-driven coordination.

33. **Mr. Musumba** (Minister of State for Finance, Planning and Economic Development of Uganda), in response to the questions posed by the observer for Peru, said that long-term planning was not always compatible with day-to-day budget management. However, in Uganda, the Minister of State for Finance Planning and Economic Development was appointed by the President and acted quasi-independently of the Government, reporting directly to Parliament. As a general rule, the Bretton Woods institutions worked regularly with departments of finance, whereas the United Nations Development Programme collaborated with departments of planning. He again emphasized that United Nations operational activities must be designed to lead the partnership for the eradication of poverty through value addition and improved market access.

34. **Mr. Hofer** (Head of the United Nations and Bretton Woods Institutions Section, Ministry of Foreign Affairs of Switzerland), referring to Mr. Musumba's approach to the concept of PRSPs,

which had originally been created by the Bretton Woods institutions as a response to the inadequacy of the World Bank's policy framework papers, said that, from the outset, the conditional access to resources inherent in PRSPs had unfortunately discredited them as an instrument for poverty reduction; however, any process that explored the various issues relating to development and clarified the options available to countries was intrinsically useful.

35. His Ministry took the view that poverty reduction strategies must be nationally owned and could not, therefore, take an overly rigid form. They must paint a full picture of the specific economic and social realities of the country in question and make useful and relevant suggestions. Where appropriate, such strategies could be further developed into intermediary documents detailing how the country in question should move towards attaining the Millennium Development Goals. Development aid agencies must be willing to use those new strategies as a basis for their business plans and, in that connection, the United Nations could contribute to harmonizing and streamlining the relevant activities and documentation. In addition, the Organization could play a valuable advisory role in the context of the analytical and political processes necessary for the formulation of new poverty reduction strategies.

36. **Mr. Jalloh** (International expert on political economy and governance, Sierra Leone) said that he had doubts about the durability of the consensus on the Millennium Development Goals. Future progress would depend on a number of key factors: first, the Goals must not be viewed as a rigid set of objectives, but rather as a set of guidelines designed to assist developing countries formulate their own poverty reduction strategies. In that connection, the concept of ownership was crucial: it should go beyond the mere participation of a country in the formulation of its own development goals and objectives and encompass a degree of responsibility for their actual implementation.

37. Fifteen years was an extremely short period in which to meet the fundamentally long-term objectives set out in the Millennium Development Goals. Therefore, it might be useful to devise a long-term framework within which PRSPs and other relevant documents could be considered. In that context, a comprehensive and broad-based approach to development was vital, and particular attention must be given to involving all sectors of society in the process.

38. Lastly, in response to comments made by the representative of Jamaica, he said that a strong State and a developed private sector went hand-in-hand. Recent attempts to weaken State structures were ill-advised and should be reconsidered.

39. **Mr. Doryan** (World Bank) said that he had recently reviewed a number of national PRSPs. They all carried the seal of the government concerned and differed according to the specific priorities of the State in question. The strategies were beginning to make increasing reference to the relationship between national plans and the Millennium Development Goals, and they all contained a description of the process undertaken by the State concerned in order to reach a broad-based agreement on the strategy chosen. Although much still remained to be done to perfect them, PRSPs were beginning to show evidence of greater consensus among all the concerned actors, which was vital to increase donor confidence.

40. The World Bank had a great deal of experience in the area of cooperation, both formal and informal, with country teams. Although the reasons for the lack of coordination between the various international actors varied, the development of coherent and comprehensive national strategies greatly facilitated the work of United Nations agencies and the Bretton Woods institutions. It was hoped that, over the next five years, most countries would develop a solid national strategy and the role of the United Nations system would be limited to providing budgetary and logistical support.

41. **Mr. Rosenthal** (Guatemala) observed that, over the past five years, cooperation between the various multilateral bodies working in the area of development had improved significantly, due in large part to the efforts undertaken by the International Conference on Financing for Development to improve the working relationship between the United Nations system and the Bretton Woods institutions. The Millennium Development Goals and the Monterrey Consensus were also valuable instruments in that regard, providing a common "road map" for development activities.

42. In Guatemala, the World Bank was working closely with UNDP on projects that responded to the priorities set out in Government development programmes. All the concerned actors were on the same wavelength and efforts were being made to harmonize all the relevant documentation. He

welcomed the fact that the operational activities of the United Nations gave concrete expression to the outcomes of the major United Nations conferences and summits and the sometimes abstract decisions of the Economic and Social Council and urged all parties involved to continue working closely together.

43. **Mr. Ocampo** (Under-Secretary-General for Economic and Social Affairs) concluded the discussion by saying that two fundamental questions had been raised: how should the United Nations move towards achieving a more unified presence at the country level and how could the concept of country-driven strategies be put into practice?

The meeting rose at 5.30 p.m.